Using the Model in England for Analyzing the Likely Future of Turkey’s Regional Development Agencies

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Abstract

Since evaluating the progress of the good examples on Regional Development Agencies have a multi-dimensional importance in predicting the future of these agencies in developing countries, in this paper Regional Development Agencies in England and in Turkey are studied comparatively. The experiences of Regional Development Agencies in England showed that, the establishment of these agencies hasn’t reduced the gap between developed and less developed regions. This increased the debates on their costs and possible consequences of their semi-autonomous statutes on the unity of the nation state. Thus instead of maintaining regional bodies, the implication of regional policies need the strong control of central government in Turkey to prevent the same consequences that have happened in England.

Key Words: Globalisation, Regional Development Agencies, Regional Policy, New Regionalism.

1. Introduction

In the last century, countries have witnessed a massive and rapid change as a result of globalisation and the revolution in information and communication technologies. These cases have an effect on social, political, economic and administrative procedures whilst creating a wide transformation process. Due to these events, the Nation State became inefficient to deal with the consequences of globalisation. This engendered a great number of debates on capacity, efficiency and competence of the Nation State and triggered processes of reorganisation. The reorganisation process, which is supported by the new liberal policies and governance made “new regionalism” the dominant ideology among developed countries. As a consequence of these ideologies, traditional (top to bottom) policies were discarded and bottom to up policies have started to be implemented. Not only did these developments change the regional policies, but also gave importance to them. Nation States were forced to devote their power to regions, thus, regions became the focus of their administrative and economic policy. Associated with increasing importance of the regions and regional policies, reduction of the divergences between regions came into prominence. Interregional divergences arise from economic and social differences among regions. Lack of infrastructure (in terms of communication-transportation), population, migration/immigration, climate or other geographic reasons may lead to economic and social differences among regions. The encouragement of interregional competition can be accepted as a solution to interregional divergences. Thus, mainly to encourage competition between regions and to reduce the gap between less developed and developed regions, the number of Regional Development Agencies rose all around the world. During the period in which Regional Development Agencies were being established in Turkey, the experiences of developed countries were implemented as an example. Evaluating the progress of the examples, which were the models of the new regional policy, has a multi-dimensional importance in predicting the future of these agencies in Turkey. In this context, the starting point of the study is “examining the experiences of developed countries can guide developing countries”. As the Regional Development Agencies in England were established in order to ensure regional development, by providing the collaboration of public and private sector, they are considered a centre of expertise on good practise. Thus, the aim of the paper is to examine the evaluation, structure operations and performances of
England’s Regional Development Agencies to draw lessons for the potential weaknesses and strengths of Turkey’s Regional Development Agencies.

2. The Evolution and Definition of Regional Development Agencies
The evolution of Regional Development Agencies can be examined in three phases. First of all, regional policies gained importance after the great depression of 1929 (centralised/demand oriented Keynesian policies were abandoned and policy making was left to local actors) and the earliest examples of Regional Development Agencies emerged in these years. The first Regional Development Agency was established in 1933 in the US (Tennessee Valley Authority). Secondly, after the World War II, state intervention became a current issue to deal with the social, political and economic consequences of the post-war era. During this period, reduction in regional inequalities and the provision of financial help to disadvantaged regions was executed by the national governments through the central policies. Finally, the 1970’s witnessed the fiscal crisis which led to develop social, political and economic reorganisation process and changed the structure and functions of the Nation State. Regional policies, which are being supported by globalisation process and discourses of new-liberalism, subsidiarity, new regionalism and governance, have become an important phenomenon. Besides all these discourses, the transformation of economic production from fordism to post-fordism (flexibilism) made localisation and local development more important than national development. This process connected with the failure of traditional top to bottom policies and the capacity of state started to be questioned. The question of capacity led to abandoning traditional top to bottom policies and bottom to top policies started to be implemented. This style of management increased the importance of local actors like Regional Development Agencies.

Regional development agencies are defined as regionally based and public financed organisations support a region’s economic development (Halkier and Danson, 1998, Hughes, 1998). The core objective of Regional Development Agencies is reducing disparities between and within regions (Blackman and Ormston, 2005). They consider the economic, social and cultural issues of a specific region by identifying regional development problems, choosing the methodological approaches and promoting the regional development projects (Salvador et al., 2000). They are also responsible for promoting economic and employment growth, improving the quality of life, protecting the environment, developing cooperation and networking between businesses, establishing employment creation programs, identifying business gaps and opportunities for new industries (Beer et al., 2005), developing and implementing regional strategies, ensuring social, physical and economic regeneration (Foley, 1998, Gibbs, 1998).

Regional Development Agencies must also be persuading the bodies already present in a region to participate in the preparation of a regional development strategy and having agreed the strategy, to co-operate in its implementation (Roberts and Lloyd, 2000) besides connecting local and global trends (Hospers and Benneworth, 2005). The ideal Regional Development Agency as an organic structure should be semi-autonomous from central administration (Hughes, 1998: 624, Ansell, 2000). This autonomy enables to adopt integrated policy strategies and to act as a hub in a web of public and private actors (Ansell, 2000).

3. Regional Development Agencies in England
First of all, it is important to explain that, this part of the article refers to England, not the UK as a whole. In England, after the World War II, the labour party confronted with unbalanced nature of economic growth and development and this issue increased the importance of regional policy. The 1960s and 1970s witnessed to remoteness and unresponsiveness of London-based government. In these years, to overcome this problem, regional governance was identified as a key theme (Mawson, 2007) and regional structures put in place in the 1990’s (Wood, 1998, Burch et al., 2003: 3, Karasu, 2005).

The creation of the Regional Development Agencies was a direct outcome of the election of the Labour Government (Roberts and Lloyd, 2000). By the return of the Labour Government in 1997, significant


The primary roles of England’s Regional Development Agencies are to coordinate regional development and regeneration, improve competitiveness in their region and reduce disparities between and within regions to provide economic leadership. They are also supposed to improve nation’s productivity performance, comprehend and raise active communities and engage public, private and voluntary activities into regional strategies by managing structural funds provided by EU (Mawson, 2010, Salvador et al., 2000, Mawson, 2007, Blackman and Ormston, 2005). The principal duty on Regional Development Agencies is to draw up and keep under constant review a 5 to 10-year Regional Economic Strategy. These set out detailed plans of how the Regional Development Agency will pursue its various objectives and full analyses of the region's economy. As well as their primarily economic duties, RDAs are expected to contribute to policy on transport, planning and land use, further and higher education, crime prevention, housing, public health, tourism, culture and sport (www.politics.co.uk).

Regional Development Agencies of England have been described as quangos/semi-autonomous public bodies operating on the regional level (Roberts and Lloyd, 2000). They are financed by the EU Structural Funding and by the central government (Karazu, 2005). In addition, their objectives and functions are prescribed by the central government; their board members are appointed by and accountable to the central government and parliament through the Secretary of State for Trade and Industry (Webb and Collis, 2000, Mawson, 2010, Mawson, 2007, Blackman and Ormston, 2005).

Regional Development Agencies are governed by a board of 12 to 15 members: these are principally drawn from the business community, but will also include figures from the voluntary sector, education and local government. Members are appointed by the Government, apart from in London, where they are appointed by the Mayor (www.politics.co.uk).

In the case of England, it is said that, Regional Development Agencies and their attached regional chambers have frequently been viewed as "precursors" aimed at acclimatising the public to think of England in terms of regions. Indeed, support for regionalisation is strongest in those areas where regional identity is well-developed, particularly the north east, north west and Yorkshire and Humber regions. It is also argued that Regional Development Agencies (and regional assemblies) unnecessarily duplicate the functions exercised by county councils. With local authority election turn-outs already very low, many suggest that another tier of governance is not only unnecessary but in fact positively harmful (www.politics.co.uk).

4. Regional Development Agencies in Turkey

Turkey has always had a strongly centralised system of government and its regional policies reflect this system (Çuhadar, 2011). Turkey also is characterised by considerably disparities between its regions (Reeves, 2006).

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In Turkey, regional development plans had been designed as part of national development plans until the 2000s (Kayasü, 2006). Before the establishment of Regional Development Agencies, in order to reduce the imbalances between regions and ensure sustainable development, some regional development plans were prepared and some regional institutions were established in Turkey. But it is claimed that the regional arrangements needed bottom up policies rather than top to bottom policies and these projects didn’t succeed because of the strong control of the central government (Sobaci, 2009).

EU is the central actor that guides the establishment of Regional Development Agencies in Turkey (Sobaci, 2009). This process is monitored by the European Commission each year in its regular report on progress towards alignment with the acquis communautaire, currently divided into 35 chapters, of which chapter 22 deals specifically with regional policy (Reeves, 2005). Thus, through the last few years, due to the integration process to EU, the Turkish government focused on setting a regional policy, by which the participation of the local governments, NGOs and regional agents must be ensured in decision making process.

“Driven by the accession process, in 2002 Turkey grouped its 81 provinces into 26 territorial units for statistical purposes to align itself with the EU’s NUTS II classification. This was an important move because it is at this NUTS II level that Structural Funds are implemented. This was followed by the preparation, spearheaded by Turkey’s State Planning Organisation, of a National Development Plan indicating how EU funds would be allocated in the 2004-6 period, outlining the main priority axes and those targeted as “priority regions” for development. These first steps also paved the way for the creation of new structures at regional level, with the longer term view of setting up Regional Development Agencies in each of the NUTS II regions. The law on the establishment of the Regional Development Agencies was adopted in 2006 and the first two agencies were being set up in Izmir and Adana. In the future, these agencies are expected to play an important role in regional planning and as drivers of the regional economy” (Reeves, 2006).

The objectives of Regional Development Agencies, as defined in the law no 5449 are reducing inter-regional and intra-regional disparities, providing an effective use of the resources, improving the regional growth, triggering local potential, ensuring sustainable development and contributing to competitiveness by promoting the collaboration between public, private and voluntary sectors (Law no 5449, articles 1 and 5).

The Regional Development Agencies of Turkey are established as a body corporate (Law no 5449, article 3). They are funded by the central government, the EU funds, private funds and the income that is generated by Regional Development Agencies themselves through their operations (Law no 5449, article 19). Coordination of the agencies is under the responsibility of the State Planning Organization (Law no 5449, article 4). They are accountable to the central government and parliament through the State Planning Organization and the Interior Ministry.

According to the law no 5449, the structure of development agencies would be created as Development Committee, Executive Board, General Secretary, and Investment Support Offices (Emini and Görün, 2010).

As a consequence, as a part of the harmonisation process with the EU regional policy, Regional Development Agencies were established by the Law no 5449 in 2006 and supported by the EU Structural Funds. In Turkey, regional development policies have been developed to eliminate regional disparities, to accelerate local and regional economic development and to enable sustainable development. However, those policies developed towards particularly less developed regions have not been very successful, mainly due to the lack of institutional capacity at the local/regional level, i.e. the lack of effective institutional structures at the local level as well as that of sufficient financial resources (Çuhadar, 2011).

In the case of Turkey it is seen that some of the Regional Development Agencies were established without sufficient financial resources and it can be said that their financial possibilities are limited to ensure regional development (Gorun and Emini, 2010). The contributions of Regional Development
Agencies are directly related with the financial resources of development agencies as well as the support and the participation of local actors and the success of the projects made. This can make poor areas poorer whilst making developed areas more advantaged. Moreover, if it is considered that the disparities in regional development levels of each region is caused by the peculiar structure of that region; it seems that, balancing these differences is highly difficult within limited conditions (Emini and Görün, 2010).

It also can be said that in the absence of any dedicated agency or ministry for regional policy at national level, responsibility for this sphere of competence has been assumed by the State Planning Organization (DPT), whose main task has been to prepare five-year development plans, largely on a sectoral basis. Regional policy has therefore had to be superimposed on its traditional vertical, sectoral approach to provide a horizontal, regional dimension. New departments have been created within the DPT to accommodate changing realities and to undertake the task of managing the implementation of EU funded regional development programmes (Çuhadar, 2011, Reeves, 2005). It proves that the establishment of Regional Development Agencies is a speciality of countries that have well developed economy.

5. The Likely Future of Regional Development Agencies in Turkey Considering the Experiences of England

In England, Regional Development Agencies were established as an important part of the ongoing regional policy. The regional policy in England is extensively reviewed thus it can be said that Regional Development Agencies of England are determined to success. But in practical terms, they have certain shortcomings, because of which the debates regarding their efficiency continue to grow.

- Regional Development Agencies look like independent organisations but in fact they are under high degree of control and pressure by budget providers and supervisors. It means that, central control is forceful in every case practically (Hughes, 1998). In England the nation state has a central role as a director and facilitator of the intuitional forms of regional governance. On this basis, Regional Development Agencies appear more as a mechanism to facilitate central intervention in the regions rather than an autonomous regional action. It means that, at the practical level, region hasn’t become the key space for the economic governance (Webb and Collis, 2000). Additionally, they are accountable to Whitehall departments, their key executives and board members are selected by ministers and their objectives set by ministers. Thus, Regional Development Agencies should not be seen as local bodies but as part of central government (TPA, 2010).

- England’s Regional Development Agencies are inadequate in reducing the inequalities within and between the regions (House of Commons-ODPM, 2003, Harding, 2008). The establishment of these agencies in well developed regions made developed regions more advantaged (Arslan, 2008). Since success breeds success, it can be seen that the three best performing regions of England (London, South East and Eastern) have widened their lead since 1997 (Morgan, 2010, House of Commons-ODPM, 2003). So although a great deal of public policy in effort has gone into addressing regional disparities in England, the poor regions are still poor (Walburn, 2006).

- Regional Development Agencies bring together the private, public and voluntary sectors. They also use an approach based on bringing together regional strengths in business, higher education institutes and research centres. This effort is for promoting the competitiveness in the region (Peck and McGuinness, 2003). But the consequences are not as it was expected. By the establishment of Regional Development Agencies, competition among countries evolved into competition among regions (Kayasü, 2006), the competition between regions improved whilst the collaboration lessened (Arslan, 2008). After their establishment, overall the gap between England’s richest regions and the poorest has grown (Farrugia, 2008, TPA, 2010).

- Another remarkable point is that, before Regional Development Agencies were introduced, the English regions were developing faster. In many areas, development and growth has slowed after
1999 compared to 1992-1999. In some, the regions are actually worse than before (Farrugia, 2008, TPA, 2010).

- Despite their relatively limited budgets, they are expected to fulfill important tasks. The allocation of central government funding is not equal between the regions of England (Karasu, 2005) and the spending of the central government on regions fall after the starting of EU structural funding (TPA, 2010). Within this context, one of the main problems of the England’s Regional Development Agencies is the disjunction between their powers and their tasks. Their tasks are not easy when it is considered that they control less than 1% of public expenditure in their regions (Morgan, 2010, House of Commons-ODPM, 2003). But in practical terms, it is claimed that Regional Development Agencies have been an expensive failure. They have cost the UK taxpayers over the £15 billion of money but the rate of business creation has not significantly increased and annual increases in the number of jobs and the number of people work have slowed since 1999. Moreover, many Regional Development Agency responsibilities are duplicated by other quangos (TPA, 2010). It is argued that, as mechanisms that generate heavy and unnecessary bureaucracy, the existence of Regional Development Agencies creates a significant waste of allocated resources by central government.

- The establishment of Regional Development Agencies was a consequence of redefining the role of the Nation State to strengthen its administrative capacity. In order to abandon the traditional top-to-bottom approaches, Nation States devoted their power to the regions. But it is argued that, this “could involve step-by-step progress to a federal structure” (Wood, 1998).

The Regional Development Agencies in Turkey were established in 2006 and some of them have not finished the process of foundation yet (www.milliyet.com). All in all, they have more or less the same structure as Regional Development Agencies in England. First of all, in both countries Regional Development Agencies were established to overcome unresponsiveness of central government by regional governance. They seem same in terms of establishment, structure, financing and auditing of Regional Development Agencies and also expect more or less the same results (improve development and competitiveness; reduce disparities between and within regions etc.). Even though it is too early to discuss their performance, it can be said that Regional Development Agencies in Turkey will probably face the same facts as England’s Regional Development Agencies.

- In Turkey, regional development policies were put into practice during the planned period (the 1960’s). After the World War II, the aims of reduction of socio-economic differences between countries and regions led to the formation of a regional policy in EU. After the formation of the regional policy, which was led by globalization, governance, neo-liberalism and new regionalism, the implementation has been encouraged among the member and candidate countries by the structural funds that are provided by EU. The establishment of Regional Development Agencies with the force of external factors gained momentum after these activities. Along with the accession process to the European Union, the revision of regional policies became one of the most important issues of the agenda in Turkey. In connection with cohesion to the European Union, the concept of longstanding regional policies that had been implemented for 40 years changed and the units called Regional Development Agencies were established (2006). In other words, the changing aspect of regional policy in Turkey was forced by the European Union and its regional policy. Thus, the establishment of Regional Development Agencies in Turkey refers to “obligated policy transfer”.

- In Turkey Regional Development Agencies were designed to incorporate public, private and voluntary sectors. But as Syrett and Silva (2001) mentioned about the case of Portugal, some Regional Development Agencies are much better equipped to become successful regional institutions than others. The best developed regions are rooted within strong pre-existing partnerships and where there is a strong sense of regional identity and common objectives (Syrett and Silva, 2001).
The legal institutional framework of Regional Development Agencies in Turkey was formulated to maintain the control of central government. The State Planning Organisation is in charge of scrutinising of Regional Development Agencies as a national agency (Kayasü, 2006). Regional Development Agencies are also accountable to the parliament through Interior Ministry. So they are under strong control of the central government.

Regional Development Agencies in Turkey were established in well developed regions as well as in less developed ones. As a consequence of this, it is possible that the best performing regions will widen their lead and poor regions will become poorer while developed regions become more developed just like it has happened in the case of England.

Regional Development Agencies in Turkey receive the 0.5% of the general budget (tax income) and the 1% of local government’s incomes (municipalities and provincial administrations) and the 1% of the incomes of the chambers of industry and trade which are working across region. They also receive the EU funds and private funds in addition the income that is generated themselves through their operations (Law no 5449, article 19). But they have a variety of tasks to fulfil in comparison to their financial resources. If the case of England is considered, it is obvious that Regional Development Agencies in Turkey will cost the taxpayers billions of money without contributing to a great growth on the economy.

6. Overall Assessment and Conclusion
In the last century, as a consequence of globalisation and progress in information technologies, new regionalism has become an important phenomenon. Following this, regional policies became one of the most important issues of the political agenda in EU. This has led to the creation of Regional Development Agencies in candidate countries as well as in member states.

In this paper, Regional Development Agency experiences of England and Turkey are analysed comparatively. The purpose of choosing these two countries as an example is to examine the consequences of Regional Development Agency establishment in a developed country, which is considered a centre of expertise on good practise and a developing country, in which the history of Regional Development Agencies is quite new to discuss their future.

In England, Regional Development Agencies were established since 1998 as an important part of the EU regional policy. In Turkey, along with the accession process to EU, Regional Development Agencies were formed since 2006. The Regional Development Agencies in Turkey aim to achieve the same targets as Regional Development Agencies in England. But they have differences in terms of the background of the policy (through internal or external dynamics) and the development levels of the regions. The control of central government on Regional Development Agencies was maintained by scrutinise procedures in both country.

As a consequence, it is important to have a long view in terms of reducing disparities and producing balanced growth in Turkey (Walburn, 2006) considering the experiences of developed countries. The background studies before the establishment and the regular reviews after are supportive of Regional Development Agencies’ success in England. Regional Development Agencies are an important part of regional policy in England. The reason of their existence in England is internal dynamics more than external dynamics while it is an obligated policy transfer and the main reason is external dynamics in Turkey. If the case of England is considered including the whole success supportive factors, a question about the likely future of Regional Development Agencies in Turkey occurs: if Regional Development Agencies couldn’t achieve a considerably high success despite their establishment in relatively well developed country and its regions, what is their chance for success in a developing country as an obligated policy transfer action?
Moreover, the debates on performance of England’s Regional Development Agencies showed that, the establishment of these agencies only in well developed regions made developed regions more advantaged and less developed regions poorer. The competition between regions improved whilst the collaboration lessened. Thus it can be said that the establishment of Regional Development Agencies increased the rate of disparities between regions in England, without contributing economic development. Additionally, allocation of resources of central government to Regional Development Agencies has improved since their establishment.

Policy makers have argued that the semi-autonomous position of Regional Development Agencies creates an advantage in comparison to purely public agencies. But Regional Development Agencies should be seen as implementers of central government policies rather than tools of decentralisation (Harding, 2006) because of a strong central control on them. Since Regional Development Agencies are under a strong central control, this produces another question about their future in Turkey: if it is considered that Regional Development Agencies in England haven’t contributed economic development and provided expectations, isn’t it obvious that the implication of regional policies should be run by central government to reduce the disparities between regions? Not only will the full control of central government on regional policies prevent waste of the sources, but also the debates on the likely effects of Regional Development Agencies on the unity of the nation state will end.

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